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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Total No. of Pages 11

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

91-22604
0-12172

For the quarter ended April 30, 1992 Commission file number ~~2-82831~~

Lincoln Logs Ltd.
(Exact name of registrant as specified in its charter)

New York	14-1589242
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Riverside Drive, Chestertown, New York	12817
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (518)-494-4777

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes____X_____ No_____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 8, 1992
Common Stock, $ .01 par value	1,320,497

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LINCOLN LOGS LTD. AND SUBSIDIARIES

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LINCOLN LOGS LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF APRIL 30, 1992 AND JANUARY 31, 1992

ASSETS

	April 30, 1992 (Unaudited)	January 31, 1992 (Audited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 266,537	$ 477,825
Trade accounts receivable, net of $13,000 allowance for doubtful accounts	190,497	166,086
Notes receivable	184,994	184,795
Inventories (principally raw materials)	577,984	653,825
Prepaid expenses and other current assets	465,899	387,000
Due from related party	1,290	1,215
Income taxes receivable and prepaid	79,750	78,000
TOTAL CURRENT ASSETS	1,766,951	1,948,746
PROPERTY, PLANT AND EQUIPMENT:		
Land	692,738	692,738
Buildings and improvements	2,112,859	2,112,859
Machinery and equipment	607,459	602,737
Furniture and fixtures	1,189,310	1,188,350
Transportation equipment	261,280	266,095
	4,863,646	4,862,779
Less: accumulated depreciation	(2,257,238)	(2,184,079)
TOTAL PROPERTY, PLANT AND EQUIPMENT - net	2,606,408	2,678,700
OTHER ASSETS:		
Due from related party	81,355	81,727
Notes receivable, net of current portion	251,125	253,349
Assets held for resale	75,761	85,860
Deposits and other assets	64,246	55,045
Intangible assets, net of amortization	13,687	18,879
TOTAL OTHER ASSETS	486,174	494,860
TOTAL ASSETS	$4,859,533	$5,122,306

See notes to consolidated financial statements.

LINCOLN LOGS LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF APRIL 30, 1992 AND JANUARY 31, 1992

LIABILITIES AND STOCKHOLDERS' EQUITY

	April 30, 1992 (Unaudited)	January 31, 1992 (Audited)
CURRENT LIABILITIES:		
Current installments of long-term debt	$ 196,268	$ 188,460
Trade accounts payable	478,293	616,661
Customer deposits	1,408,409	1,137,000
Accrued payroll and related taxes and withholdings	119,556	94,543
Accrued expenses	363,907	315,054
Accrued income taxes	--	3,200
TOTAL CURRENT LIABILITIES	2,566,433	2,354,918
LONG-TERM DEBT, net of current installments	426,249	453,990
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; authorized 1,000,000 shares; issued and outstanding -0- shares	--	--
Common stock, $.01 par value; authorized 5,000,000 shares; issued and outstanding 1,449,999 shares	14,500	14,500
Additional paid-in capital	3,894,286	3,894,286
Accumulated deficit	(1,434,930)	(988,383)
	2,473,856	2,920,403
Less: cost of 129,500 shares of common stock in treasury	(607,005)	(607,005)
TOTAL STOCKHOLDERS' EQUITY	1,866,851	2,313,398
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,859,533	$5,122,306

See notes to consolidated financial statements.

LINCOLN LOGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED APRIL 30, 1992 AND 1991

(UNAUDITED)

	Three Months Ended April 30,	
	1992	1991
NET SALES	$ 1,013,763	$ 1,032,629
COST OF SALES	596,196	612,288
GROSS PROFIT	417,567	420,341
OPERATING EXPENSES:		
Selling, general and administrative	893,886	982,589
LOSS FROM OPERATIONS	(476,319)	(562,248)
OTHER INCOME (EXPENSE):		
Interest income	17,141	30,434
Interest expense	(17,485)	(15,186)
Other	30,116	(14,038)
Total other income - net	29,772	1,210
LOSS BEFORE INCOME TAXES	(446,547)	(561,038)
INCOME TAXES	--	--
NET LOSS	$(446,547)	$(561,038)
PER SHARE DATA:		
Loss per common and common equivalent share	$ (.34)	$ (.42)
Weighted average number of common and common equivalent shares	1,320,499	1,320,499

See notes to consolidated financial statements.

LINCOLN LOGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED APRIL 30, 1992 and 1991
(UNAUDITED)

	Three Months Ended April 30, 1992	Three Months Ended April 30, 1991
OPERATING ACTIVITIES:		
Net loss	$(446,547)	$(561,038)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	83,166	92,516
(Gain) on disposal of assets	(3,995)	(3,198)
Changes in operating assets and liabilities:		
Trade accounts receivable	(24,411)	46,850
Inventories	75,841	213,261
Prepaid expenses and other current assets	(78,899)	(42,235)
Trade accounts payable	(138,368)	(35,485)
Customer deposits	271,409	478,712
Accrued expenses and other operating activities	73,866	(123,609)
Accrued income taxes	(4,950)	(78,211)
Net cash (used) by operating activities	(192,888)	(12,437)
INVESTING ACTIVITIES:		
Repayments of notes receivable	2,025	1,547
Maturities of certitificates of deposit	--	200,050
Additions to property, plant and equipment	(960)	(78,708)
Additions to notes receivable	--	(1,600)
Decrease in assets held for resale	10,099	--
Proceeds from sale of assets	3,995	139,540
Decrease in due from related parties	297	279
Increase in deposits and other assets	(9,201)	(10,913)
Net cash provided by investing activities	6,255	250,195
FINANCING ACTIVITIES:		
Reductions in long-term debt	(24,655)	(9,843)
Net cash (used) in financing activities	(24,655)	(9,843)
Net increase (decrease) in cash and cash equivalents	(211,288)	227,915
Cash and cash equivalents at beginning of period	477,825	716,375
Cash and cash equivalents at end of period	$ 266,537	$ 944,290

See notes to consolidated financial statements.

LINCOLN LOGS LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
APRIL 30, 1992 AND 1991

(1) BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods.

The results of operations for the three month period ended April 30, 1992 are not indicative of the results to be expected for the full year.

(2) RESTRUCTURE OF CAPITAL STOCK

At the July 22, 1986 Annual Meeting, the stockholders voted to decrease the number of authorized shares from 25,000,000 to 5,000,000 with no change in par value and authorized a 1 for 12.5 reverse stock split.

(3) INCOME TAXES

The Company accrues income tax expense on an interperiod basis as necessary, and accrues income tax benefits only when it is assured beyond a reasonable doubt that such tax benefit will be utilized. No income tax benefit was accrued in the three month periods ended April 30, 1992 and 1991.

(4) SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

During the three months ended April 30, 1992, cash was paid in the amounts of $16,223 for interest and $1,761 for income taxes.

Noncash investing and financing activity:
The Company financed the purchase of $4,722 of manufacturing equipment during the three month period ended April 30, 1992.

During the three month period ended April 30, 1992 the following other transactions occurred:
- The Company sold fully depreciated equipment having an original cost of $4,815.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three months ended April 30, 1992 vs. April 30, 1991:

Net sales for the three months ended April 30, 1992 amounted to $1,013,763 as compared to the same period in 1991 of $1,032,629, a decrease of $18,866, or 2%. During the current year's quarter, shipments of residential home construction kits were lower than the previous year by two units. The average value per unit shipped increased by 10% over the previous year, partially offsetting the decrease in units. The decrease in sales was not caused by any one particular event nor due to any particular reason. Because the Company's first quarter occurs during the winter, it is expected that the number of units shipped will be low. This once again is true for the quarter ended April 30, 1992.

Gross profits amounted to 41% of sales for both of the quarters ended April 30, 1992 and 1991. Although the Company has experienced some increases in its product cost during the current period these were offset by the increase in the value of the units shipped. The costs of certain components contained in the log home building kit have continued to increase during the second quarter of the current fiscal year. The Company has found that it is not possible to raise its catalogue prices sufficiently to offset the full impact of rising costs due to the competitiveness, primarily of selling prices, in the housing market. Hence, the Company may experience some margin erosion during the summer quarters of this fiscal year.

Operating expenses of $893,886, or 88% of sales, have decreased $88,703 from the previous year's amount of $982,589, or 95% of sales. The decrease in expenses equaled 9%. The decrease in operating expenses is the result of the Company's efforts to reduce expenses wherever possible. The majority of expenses incurred represent fixed costs of being in business and a minority represent discretionary spending.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 1992 current liabilities exceeded current assets by $799,482 as compared with a positive working capital position of $247,622 at April 30, 1991. For the three months ended April 30, 1992 working capital decreased $393,310 as compared to a decrease of $586,056 in the same period in 1991. As of the Company's fiscal year end at January 31, 1992, current liabilities exceeded current assets by $406,172. The decrease in working capital during the quarters ended both April 30, 1992 and 1991 was principally the result of the consumption of cash and inventory by the Company's operations.

LIQUIDITY AND CAPITAL RESOURCES - Con't.

For the first quarter ended April 30, 1992 the Company was a net consumer of cash by its operations of $192,888 as compared to the same three month period of the previous year when operations was a net consumer of cash of $12,437. Overall, the Company experienced a net decrease in its cash position of $211,288 in the quarter ended April 30, 1992 as compared with a net increase in its cash position of $227,915 in the comparable period of the prior year. The decrease in cash in the first quarter of the current fiscal year relates directly to the Company's first quarter loss and the funding of operations during that period.

As mentioned above and as shown in the financial statements, the Company incurred a net loss during the quarter ended April 30, 1992 of $446,547, and at April 30, 1992 current liabilities exceeded current assets by $799,482. At the conclusion of the most recent fiscal year, January 31, 1992, current liabilities exceeded current assets by $406,172. The Company has searched for short term financing for working capital during the past two years without success.

Management has begun discussions with financial institutions with which it has no prior relationship. Additionally, the Company has begun the process of applying for a term loan under the auspices of the Small Business Administration. Further, the outside directors have expressed their willingness to advance funds to the Company should operating conditions warrant such action. The Company believes that the funds available from operations, combined with the funds expected from at least one of these sources, will be sufficient to support its operations during the current fiscal year. Meanwhile, the Company continues to operate with funds generated from operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults of Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

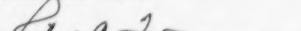
Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LINCOLN LOGS LTD.



Richard C. Farr,
Chariman of the Board, President,
Chief Executive Officer and
Treasurer

Date: June 8, 1992

William J. Thyne,
Vice President - Finance and
Principal Financial Officer

Date: June 8, 1992